



**MCI Communications
Corporation**

1801 Pennsylvania Avenue, NW
Washington, DC 20006
202 887 3351
FAX 202 887 2446

Jonathan B. Sallet
Chief Policy Counsel

EX PARTE OR LATE FILED

March 28, 1997

The Honorable Susan Ness
Commissioner
Federal Communications Commission
1919 M Street, N.W., Room 832
Washington, D.C. 20554

RECEIVED
MAR 28 1997
Federal Communications Commission
Office of Secretary

Re: CC Docket No. 96-45-~~Universal Service~~
CC Docket No. 96-262 --Access Charge Reform

Dear Commissioner Ness:

MCI has made a commitment to break open the local telephone monopoly and to bring the benefits of competition to all communities-- urban, suburban and rural-- and to consumers in all parts of the United States. To fulfill this commitment, MCI has advocated that the universal service system and the current access charge regime must be reformed to ensure affordable telephone service and to create the right conditions for competition. In addition, I would like to inform you about three recent actions by MCI that highlight its commitment to universal service and competition.

First, on March 10, 1997, in a letter to Senator John McCain, Chairman of the Committee on Commerce, Science and Transportation and other members of the committee, MCI stated that although overall reform of access charges and universal service is necessary to achieve full fledged competition at the local level, it is reasonable to treat small, independent companies (non-Tier 1 companies) differently than the large price cap LECs. Therefore, MCI supports a significant transition period for small, independent "non-price cap" LECs as the FCC establishes a pro-competitive access reform policy. A transition approach to access charge reform, coupled with the Joint Board's recommended transition to the use of proxy models to determine universal service support for rural carriers, should eliminate any fears that universal service reform and access charge reform could have a negative impact on rural carriers.

Second, effective March 20, 1997, MCI initiated an interstate discount calling plan for low-income consumers called Family Assist, to help ensure that all consumers have affordable access to long distance service. MCI Family Assist gives qualified customers 60 minutes of calling each month for \$.09 per minute. For additional minutes of calling, consumers are charged \$.15 per minute. There are no enrollment fees and no minimum monthly charges for this program. I have enclosed additional information about MCI Family Assist.

No. of Copies rec'd
List ABCDE

2

Third, MCI is partnering with Northwest Iowa Telephone and Northwest Iowa Power Cooperative (NIPCO) to form Pioneer Holdings, LLC. Pioneer Holdings will deliver to homes and businesses an integrated array of competitively priced, cutting-edge products and services--including ultra high-speed Internet access, local services, wireless communications and long distance service--through local distributor's networks. The partnership has signed agreements for its services with three local distributors, City of Hawarden, North West Rural Electric Cooperative, and City of Manning.

As a result of this partnership, rural communities and consumers, for the first time, will have a choice for local phone service with advanced technology applications. We will pursue additional partnerships to bring the benefits of competition to rural America. We expect this type of partnership to be established initially in Minnesota, South Dakota, North Dakota, Illinois, Colorado, Missouri, Nebraska, Wisconsin and Wyoming. I have enclosed additional information on this initiative as well.

We believe these efforts demonstrate that MCI is committed to bringing the benefits of competition to all Americans. To fully achieve this objective, however, the Commission must reform universal service and access charges in a pro-competitive manner namely, universal service and access charges must be based on forward-looking cost; universal service must be adequately funded based on carriers' interstate and intrastate revenues; and universal service must be implemented in a competitively neutral manner.

Sincerely,



Jonathan B. Sallet

Enclosures

cc: William F. Caton, Secretary, Federal Communications Commission

Brad Burns
703-415-6434
Brad.Burns@mci.com

FOR IMMEDIATE RELEASE

MCI INTRODUCES SAVINGS PROGRAM FOR FAMILIES IN NEED

ARLINGTON, VA, March 19, 1997 -- MCI today announced MCI Family Assist -- a calling program that guarantees lower long-distance prices for qualified low-income customers. This savings plan offers special rates to those Americans who need it most.

"With MCI Family Assist, all Americans are ensured access to dependable and affordable long-distance service," said John Donoghue, MCI senior vice president of marketing and advertising.

The plan is available to consumers who currently participate in a LifeLine (or equivalent) assistance program offered through their local exchange carrier. In states without a LifeLine assistance program, consumers can qualify for MCI Family Assist through participation in any one of six public assistance programs. These include Aid to Families with Dependent Children (AFDC), Food Stamps, Home Relief, Medicaid, Supplemental Security Income (SSI) and Temporary Assistance to Needy Families (TANF).

MCI Family Assist offers qualified consumers a flat rate of nine cents per minute on all domestic direct-dialed interstate calls in the United States, and is applicable for the first 60 minutes of calling each month. Additional minutes are priced at 15 cents per minute. The service has no fees or minimums and is available nationwide.

To receive MCI Family Assist, consumers should call 1-800-329-8507, where they will be asked to verify their eligibility.

MCI, headquartered in Washington, D.C., provides a full range of integrated communication services to more than 20 million customers. Credited with opening up the U.S. long-distance market for competition, MCI is now leading the charge to bring competition to the \$100 billion local market, offering American consumers for the first time the freedom to choose their local carrier. With 1996 revenue of \$18.5 billion, MCI is one of the largest and fastest growing telecommunication companies in the world. On November 3, 1996, MCI announced a definitive agreement to merge with BT to form Concert, the world's first global communications company.

###

The MCI logo is displayed in a bold, sans-serif font.The word "News" is displayed in a bold, sans-serif font, positioned to the right of a graphic that resembles a globe or a network of lines.

Contacts:

Jim Collins

MCI

1-800-719-3456

email: 4899808@mcimail.com

Deirdre Blackwood

MCI

1-800-644-NEWS

FOR IMMEDIATE RELEASE

**MCI DELIVERS ADVANCED TECHNOLOGY
AND SERVICES TO RURAL AMERICA**

*First-of-its-Kind Partnership Unites MCI With Power Utility and
Independent Telephone Company*

SERGEANT BLUFF, IOWA, March 20, 1997 - MCI today announced a first-of-its-kind partnership that will bring customers in rural areas a new choice of communication service providers.

In an unprecedented move, MCI is partnering with Northwest Iowa Telephone (NWI), a subsidiary of Long Lines, Ltd. and Northwest Iowa Power Cooperative (NIPCO) to form Pioneer Holdings, LLC., which will provide integrated communications services to local distributors on a "turnkey" basis.

Pioneer Holdings will deliver to homes and businesses an integrated array of competitively priced, cutting-edge products and services -- including ultra high-speed Internet access, local services, wireless communications and long distance -- through local distributor's networks.

(more)

The partnership also announced signed agreements for its services with its first three local distributors, City of Hawarden, North West Rural Electric Cooperative (NREC), and City of Manning. The agreements with Hawarden and NREC represent full market coverage for the community and surrounding rural areas. According to company executives there has been a such groundswell of interest that Pioneer Holdings is now engaged in active negotiations with nearly 300 municipalities and other entities in 10 states. The company also is in detailed discussions with Post-Newsweek Cable about providing services to several Midwest areas.

Rural customers who want to purchase these services can sign up with a wide variety of local distributors – including local cable companies, power companies, municipal utilities, rural electric cooperatives, independent telephone companies, private businesses, universities and even municipalities. Customers contact their local distributors and order the products and services of their choice which are then delivered through an innovative packaging of MCI's, NWI's and NIPCO's networks and services.

For example, a rural school would be able to reach the MCI high-speed Internet backbone by accessing a city-owned local network, connecting with NIPCO's fiber optic ring, which then hooks up with the NWI Internet host, and then to MCI.

"MCI is breaking new ground with this partnership," said networkMCI Services President, John Gerdelman. "It is a showcase for technical innovation, enhanced services and increased competition, which will bring businesses and consumers exciting communications alternatives and competitive rates. It's a model we hope to replicate throughout the country."

(more)

"Through this partnership, MCI is opening another front in its aggressive entry into the local telephone market. Whether it's US West or any other Regional Bell, there will be no place for them to run and no place for them to hide from competition," said Gerdelman. "Iowa is a logical starting place for opening this new front because of its progressive regulatory environment -- the passage of Iowa's 1995 Telecommunications Act, the 1996 Federal Telecommunications Act and the Utilities Board's pro-competition arbitration decision," Gerdelman added.

The partnership will leverage each company's existing facilities and capabilities to test and deploy emerging technologies such as Asymmetric Digital Subscriber Line (ADSL), High bit rate Digital Subscriber Line (HDSL) and Hybrid Fiber Coax (HFC). These new technologies offer high-speed services that normally require expensive fiber optic line connections. They dramatically increase telecommunications capacity over regular copper wire and coaxial cable, and are expected to drive a wide variety of applications, including uses in telecommuting, work-at-home access to corporate Local Area Networks (LANs), interactive services (such as home shopping and home banking), multi-party video gaming, distance learning and entertainment.

"This is a great initiative that places Iowa and eventually all of rural America at the leading edge of the telecommunications revolution," said Jon Winkel, President and CEO of Long Lines, Ltd., NWI's parent company. "This unique partnership will give our customers an expanded array of services they haven't experienced before, along with the highest levels of service and reliability." NWI will provide local switching and Internet access, as well as a strong local marketing presence.

(more)

NIPCO, the power utility, will provide a state-of-the-art Synchronous Optical Network (SONET) fiber ring, which is under construction and expected to be completed in late 1997. The SONET ring technology allows for highly reliable communications which can be restored instantly in the event of a fiber cut or network outage.

"We are delighted to be part of this new venture," said Steve Brevig, Chief Executive Officer of NIPCO. "This innovative combination of a power utility with communication companies will set the stage for future partnerships with other power cooperatives, and allows us to contribute to rural communities in a creative and dynamic fashion."

MCI, headquartered in Washington, D.C., provides a full range of integrated communication services to more than 20 million customers. Credited with opening up the U.S. long distance market for competition, MCI is now leading the charge to bring competition to the \$100 billion local market, offering American consumers for the first time the freedom to choose their local carrier. With 1996 revenue of \$18.5 billion, MCI is one of the largest and fastest growing telecommunication companies in the world. On November 3, 1996, MCI announced a definitive agreement to merge with BT to form Concert, the world's first global communications company.

The flagship company of Long Lines, Ltd., Northwest Iowa Telephone Company, began operations in 1941. Northwest Iowa Telephone Company, Inc. (NWIT) is an independent telephone company serving the towns of Sergeant Bluff, Salix, and Sloan Iowa. In 1981, NWIT signed the first equal access agreement in the country with another "non-common carrier," MCI. This brought national attention to the state of Iowa and is considered a model of legislative and regulatory advancements in the telecommunications industry. No other single event has had such an impact on the telecommunications industry.

(more)

4

Northwest Iowa Power Cooperative (NIPCO) is a wholesale electric generation and transmission cooperative owned by nine rural electric cooperatives and one full-service municipal electric cooperative. NIPCO also provides transmission service to another municipal cooperative providing electricity to thirteen Iowa towns. Together, the NIPCO Power Network serves business, industry, farms and homes in a 6,500 square mile area of western Iowa. NIPCO has an impressive track record as a wholesale power cooperative providing reliable electric energy to western Iowa communities for nearly five decades. NIPCO also has a complete telecommunications system within its 860 square mile territory, and was one of the first Generation and Transmission cooperatives to begin developing a fiber optics communication system.

#